

Achieving Washington's Promise

Governor's 1999-01 Agenda in Action

April 26, 1999

Budget and Policy Priorities:

- ▶ **Education is the Highest Priority:** Improving student achievement and access to higher education are the keys to Washington's future.
- ▶ **Protect Families:** Increase Basic Health Plan enrollment, promote school safety, reduce youth smoking.
- ▶ **No New Taxes:** The budget is balanced without any tax increases.
- ▶ **Live Within 601 Spending Limit:** The budget is below the spending limit approved by voters.
- ▶ **A Responsible Reserve:** To protect key public services in an economic downturn, a reserve fund of more than one-half billion dollars is maintained.

Achieving Washington's Promise

GOVERNOR'S PRIORITIES

Help every child succeed in school

Make quality college education available for all

Improve community and school safety

Shift welfare savings to education and employment programs

Better state services for taxpayers

Boost rural economies

LEGISLATIVE ACTION

Help Every Child Succeed in School

- ▶ Funding is provided to hire more teachers, boost student achievement, help struggling students, and make schools safer. Higher salaries attract and retain the best teachers. Reading Corps helps younger students meet reading standards.

A Quality College Education for All

- ▶ Washington's Promise Scholarships help high-achieving high school students in middle-class families go on to college. University and college enrollment is expanded. Workforce training increases skilled graduates in high-demand fields. Research targets economic growth, technology development.

Shift Welfare Savings to Education and Employment Programs

- ▶ Through education and employment programs, children and low-income families will realize a better economic future.

School and Community Safety

- ▶ New, alternative schools for disruptive students provided. Public safety enhanced by adding State Patrol troopers, shutting down meth labs, and tightening supervision of convicted felons after their release.

Better State Services for Taxpayers

- ▶ Shorter lines in driver licensing offices, online tax filing via the Internet, and reinvesting state agency savings in education are a few of the items designed to give taxpayers better value for their money.

Boosting Rural Economies

- ▶ Rural communities benefit from funding for infrastructure, tourism, and tax incentives to expand job opportunities, particularly in booming information-technology fields.

The 1999-01 State Budget

GOVERNOR'S PRIORITIES

Make student achievement, better schools, the highest priority
Expand access to college education
Expand affordable health care programs for children and working families
No new taxes
Maintain a responsible reserve

LEGISLATIVE ACTION

The 1999-01 Budget Adds \$927 Million for Education

- ▶ Yet holds the growth of state spending to lowest level in 30 years. The budget spends \$75 million less than permitted by the Initiative 601 spending limit and retains a \$688 million reserve.

Welfare Savings \$246 Million

- ▶ From exceeding state and federal performance standards for caseload reduction, and putting people on welfare to work, aid education and employment programs.

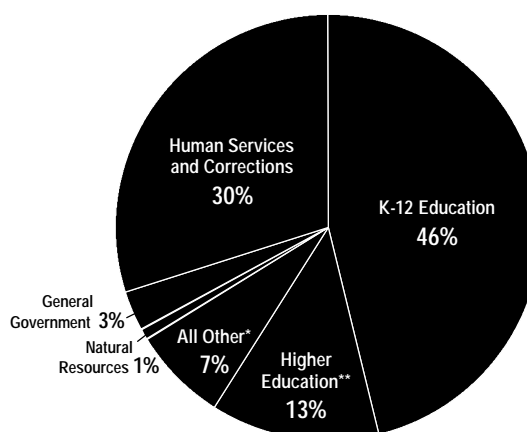
Tobacco Settlement of \$165 Million

- ▶ Maintains Basic Health Plan for working families, expands Medicaid coverage for kids in low-income households.

Final Package of Savings and Reductions Total \$606 Million

- ▶ Close to the target set when the Governor proposed his budget in December.

1999-01 Budget Distribution
 State General Fund Only ♦ Total = \$20.575 Billion

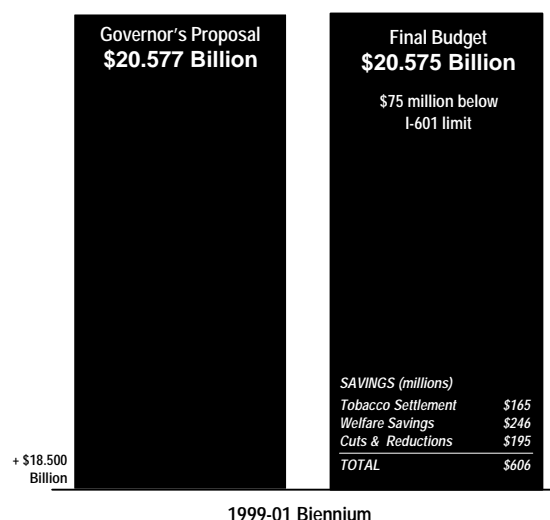


*Transportation, Debt Service, Retirement

**Also Includes Library and Other Education Agencies

The 1999-01 Budget

I-601 Limit = \$20.650 Billion



K-12 Education: Helping Every Child Succeed

GOVERNOR'S PRIORITIES

Hire more teachers

Help struggling students to improve student achievement

Mentor new teachers and reward the best teachers

Ensure teacher quality and accountability for results

Make schools safer

Promote early learning

TOTAL: \$646 million GF-S, including general salary increases and health benefits

LEGISLATIVE ACTION

Teacher Salaries

- ▶ To help attract and keep the best and brightest, first-year teachers will get a 17 percent increase and early-career teachers, on the average, a 16 percent bump. Mid-career teachers will see a 14 percent increase while senior teachers will get 10 percent more. **\$413 million**

Hire More Teachers

- ▶ Provides \$32 million in new state funding to hire more teachers, nurses, administrators.

Mentor New Teachers

- ▶ Dedicates \$4 million to mentor beginning teachers to help them hone their skills and keep them in the profession.

Reward Accomplished Teachers

- ▶ A performance award equal to 15 percent of their salary will go to every teacher who achieves a prestigious National Board Certification.

Accountability

- ▶ Establishes Accountability Commission to recommend ways to help schools meet learning standards.

Help for Struggling Students

- ▶ Continue the Reading Corps, expand learning assistance, and add training in teaching math to provide intensive instruction and tutoring for students struggling to develop the reading and math skills they need. **\$39 million**

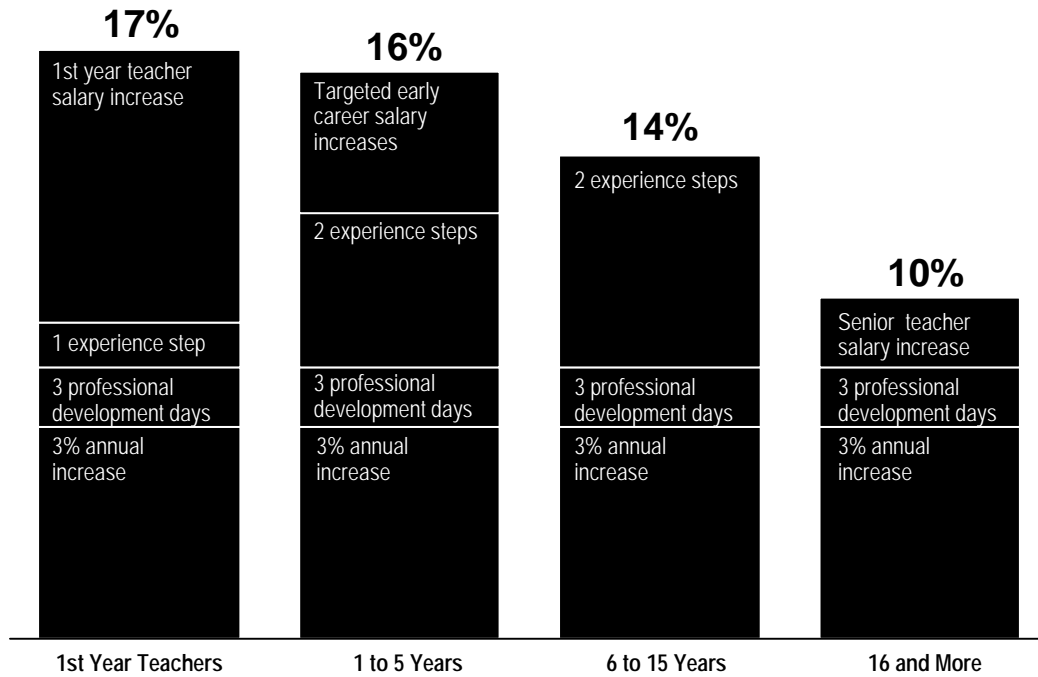
Promote Early Learning

- ▶ Commission on Early Learning will help expand awareness about the importance of children's intellectual development between the ages of birth and five. **\$1.5 million**

Make Schools Safer

- ▶ Start 30 new alternative schools for disruptive youth, provide school security grants, and help schools develop school safety plans. **\$5 million**

K-12 Teacher Salary Increases Including Seniority Pay Steps

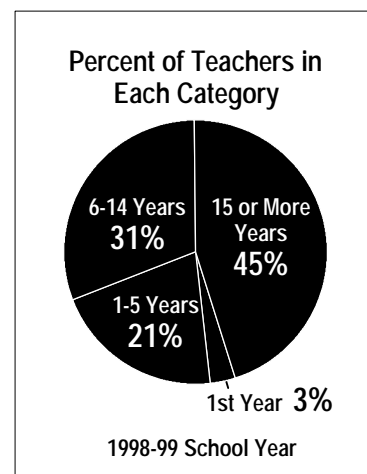


Total Increases - 1999-2001 Biennium

Does not include education steps, local supplemental contracts, National Professional Board Certification bonuses.

Excluding Seniority Pay Steps:

	School Year	
	1998-99	2000-01
First year teacher with BA only	\$22,950	\$26,474
Dollar Increase		\$3,524
Percent Increase		15.4%
5 Years Experience with MA	\$31,996	\$35,185
Dollar Increase		\$ 3,189
Percent Increase		10.0%
10 Years, MA + 45 Credits	\$39,790	\$42,897
Dollar Increase		\$ 3,107
Percent Increase		7.8%
16 Years or More, MA = 90 Credits	\$48,141	\$52,939
Dollar Increase		\$ 4,798
Percent Increase		10.0%



Making Quality Education Available to All

GOVERNOR'S PRIORITIES

Provide scholarships
Improve access and enrollment
Recruit and retain top faculty
Expand technology networks
Expand Workforce Training
Improve flexibility and local discretion

TOTAL: \$281 million GF-S, including general salary increases and health benefits

LEGISLATIVE ACTION

Washington's Promise Scholarship

- Provides \$3,000 scholarships to more than 4,200 high school students from the top 10 percent, and then top 15 percent, of their high school senior class. **\$9 million GF-S**

Improve Access

- Adding 8,300 new FTEs expands enrollment by 200 more than needed to maintain current participation levels, and targets 500 positions to high-demand fields. Geographic access is improved by expansions at the five branch campuses and other off-campus sites. **\$60 million GF-S, \$174 million Capital Construction**

Compensation

- Provides \$10 million to help recruit and retain top faculty at four-year institutions, and another \$10 million to help close the salary gap for part-time faculty at community and technical colleges that can be matched with an additional \$10 million in tuition funds. Faculty and staff get 3 percent salary increases each year.

Learning through Technology

- Supports the K-20 telecommunications network, and builds new capacity to offer courses for credit on the Internet. **\$10 million GF-S**

Expand Workforce Training

- Target new training to produce more skilled graduates in high-demand fields, particularly information technology. Reorganize state programs to encourage stronger partnerships with business and labor. **\$5 million GF-S, \$1 million Capital**

High Impact Research

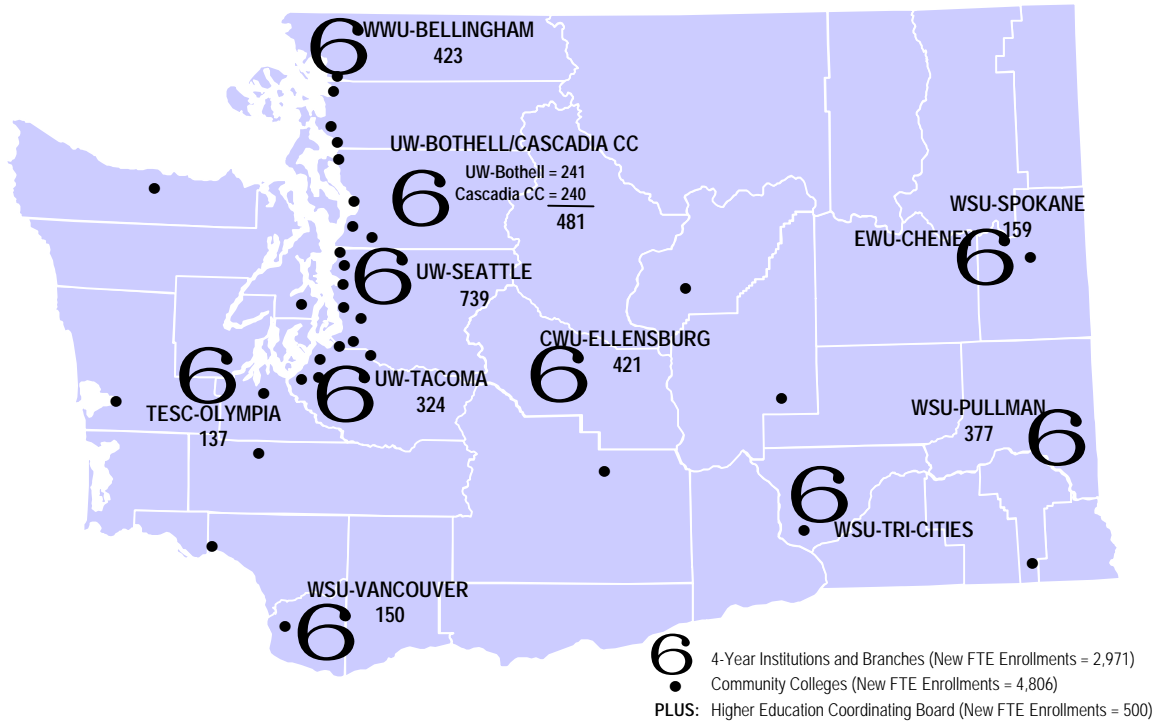
- Funding at research universities for advanced technology, Internet II, and food safety research will spin-off new businesses for a high economic impact. **\$12 million GF-S**

Improve Flexibility, Local Discretion

- Governing boards will determine the size of their tuition increases within strict limits to keep tuition affordable for their institution, students, and program areas. This grants more flexibility so they can better manage their institutions to make more effective use of their facilities.

New Enrollment Opportunities at Main and Branch Campuses

Statewide Total = 8,277



OFFICE OF FINANCIAL MANAGEMENT

APRIL 1999

Healthy Families and Healthy Communities

GOVERNOR'S PRIORITIES

Increase Basic Health Plan enrollment and health coverage for children

Use tobacco settlement funds to promote tobacco cessation

Continue welfare reform efforts

Allow the elderly to reside at home, safely and independently

Maintain independence for persons with disabilities

Stable housing assistance for homeless families with children

TOTAL: \$176.2 million, including \$23.1 million GF-S, \$19.8 million HSA, \$100 million Tobacco Control and Prevention Account, \$33.7 million GF-F, \$10 million Capital

LEGISLATIVE ACTION

Basic Health Plan

- ▶ Additional funds available from the tobacco settlement enable enrollments in the Basic Health Plan to increase to 133,000 in the 1999-01 Biennium, while retaining the current benefits package and rolling back enrollee costs to 1997 subsidy levels. **\$15.8 million HSA**

Children's Health Insurance Program

- ▶ Establishes the Children's Health Insurance Program (CHIP), providing subsidized health coverage for about 10,000 children up to age 18 who live in households with income between 200 percent and 250 percent of the federal poverty level. **\$4 million HSA, \$7.7 million GF-F**

Respecting Our Elders' Choices

- ▶ Older citizens often need long-term care, but most prefer to remain at home. Funding for increased case management for those receiving in-home care ensures safer and higher quality services. Also increases home care worker wages. **\$14.9 million GF-S, \$15.3 million GF-F**

Tobacco Prevention and Cessation Endowment

- ▶ Establishes an endowment fund with tobacco settlement funds to support public health efforts in smoking cessation prevention and enforcement. **\$100 million**

Welfare Reform

- ▶ WorkFirst has enabled more than 60,000 participants to find jobs since August 1997. Caseloads have dropped by 28.4 percent since that time. A survey of people leaving welfare found wages average \$8.42/ hour.

Homeless Families with Children

- ▶ Provides one-time cash assistance to WorkFirst families for stable housing. A long-term homeless prevention measure increases emergency shelter beds and transitional housing opportunities. **\$10 million Capital, \$10 million Federal, \$7.6 million GF-S**

Independence for Disabled

- ▶ Self-Directed Care Initiative allows persons with disabilities to live independently and to direct care giver activities. Reduces the need for institutional care, saving the taxpayers **\$0.6 million GF-S, \$0.7 million GF-F**

Promoting Rural Economic Vitality

GOVERNOR'S PRIORITIES

Develop rural physical infrastructure
Develop additional farmworker housing
Create flexible a grant program for rural community planning
Provide funds for environmental mitigation efforts
Expand marketing efforts for rural Washington tourism efforts

TOTAL: \$6.4 million GF-S, \$83.3 million other funds, \$17.7 million in tax credits

LEGISLATIVE ACTION

Rural Physical Infrastructure

- ▶ Transportation funds and Community Economic Revitalization Board loans and grants to build infrastructure. **\$38 million Transportation and Infrastructure Accounts**

Environmental Mitigation Efforts

- ▶ Provide funds to the Department of Transportation to mitigate endangered species listings by removing fish passage barriers and acquiring wetlands. **\$16.8 million, Motor Vehicle Account** (Pending final passage of Transportation budget)

Rural Opportunity Fund

- ▶ Creates flexible grant program for rural communities for telecommunication improvements, expedited permit processes, site-specific feasibility, pre-construction, and environmental mitigation planning. **\$1 million GF-S**

Tourism in Rural Washington

- ▶ CTED's Tourism Office will expands its marketing effort for rural Washington destinations. **\$1 million GF-S**

Safe Food Initiative

- ▶ Expands WSU research on new agricultural products and improvements to farm practices and food safety. **\$4.3 million GF-S**

Rural Community Health Care

- ▶ Provides \$20 million in new funding to sustain rural hospitals. **\$10 million HSA, \$10 million GF-F**

Farmworker Housing

- ▶ A comprehensive approach to address housing for farmworkers including capital funds, as well as technical assistance to developers and local communities for the development of additional housing, and increased inspection of temporary housing. **\$8 million Capital Funds, \$100,000 GF-S, \$463,000 Other Funds**

Tax Credits

- ▶ Distressed counties will be allowed to increase current local option sales tax credit from .04 percent to .08 percent to fund Public Infrastructure. Public Utility Tax credit for rural utilities that make contributions to community revolving loan funds. **Revenue loss of \$15.9 million GF-S**
- ▶ B&O tax credits will be available for firms located in rural/distressed counties that manufacture computer software and for firms that provide "help-desk" services related to computer software installation, maintenance, repair, and troubleshooting. **Revenue loss of \$1.8 million GF-S**

Keeping Communities Safe from Crime and Drugs

GOVERNOR'S PRIORITIES

Strengthen supervision of convicted felons

Restore juvenile parole

Increase drug treatment of offenders

Take down meth labs

Improve crime labs

Expand prison capacity

Treat the violent mentally ill

Improve training of police officers

TOTAL: \$105.6 million, including \$82.9 million GF-S, \$22.7 million other accounts

LEGISLATIVE ACTION

Offender Accountability Act

- ▶ Strengthens supervision of 50,000 convicted felons released from prison or jail, to prevent recidivism and protect communities. **\$14.6 million GF-S, \$5.2 million Public Safety and Education Account**

Restoring Juvenile Parole

- ▶ Restores parole to all juvenile offenders released from state institutions, reversing a cutback by the previous Legislature. **\$2.4 million GF-S, \$356,000 GF-F**

Drug Sentencing Reform

- ▶ Provides drug treatment in prisons and after release of offenders. **\$668,000 GF-S**

Taking Down Meth Labs

- ▶ Fields an additional 6-person Washington State Patrol team to crack down on the growing number of methamphetamine laboratories across the state. **\$964,000 dedicated accounts**

Improving Crime Labs

- ▶ Funds DNA analysis equipment in the State Crime Labs, and clears DNA sample entry backlog to help identify, apprehend, and convict criminals. **\$515,000 Local Criminal Justice Assistance Accounts**

Expanding Prison Capacity

- ▶ Opens new Stafford Creek Corrections Center in Grays Harbor County on January 1, 2000, adding 1,936 beds to capacity and permitting return of inmates now being sent out of state. **\$51.6 million GF-S, \$12 million GF-F**

Treating Potentially Violent Mentally Ill

- ▶ Increases staff and opens new wards in state mental hospitals, to evaluate and treat more offenders committed through the criminal courts under the 1998 Mentally Ill Offender Legislation. **\$13.6 million GF-S, 1.6 million GF-F**

Strengthening Police Training

- ▶ Increases basic law enforcement academy hours over 50 percent. **\$2.1 million Public Safety and Education Account**

A High Performance Government

GOVERNOR'S PRIORITIES

Establish the best, most efficient state government possible

Expand on-line tax filing

Eliminate separate State Patrol inspections for out-of-state cars

Continue to invest in savings and education incentive programs

Fund salary increases for state employees

LEGISLATIVE ACTION

Expand On-line Tax Filing

- ▶ The Department of Revenue's on-line tax filing system will be expanded. Work will begin on a similar service for industrial insurance ratepayers.

Regulatory Improvement

- ▶ Work continues to eliminate needless rules. Since 1997, agencies have repealed over 3,600 sections of administrative rules, and another 2,700 sections have been amended.

Compensation

- ▶ Providing across-the-board salary increases of 3 percent in the first year of the biennium and 3 percent in the second year, as well as targeted pay increases for critical job skill areas such as information technology and engineering.

On-Going Efforts Provide a Solid Foundation

- ▶ Emphasis on quality continues. Since 1997, Washington State employees have completed 744 quality-improvement projects that have saved the state over \$22 million and generated over \$1.8 million in new revenue.

Licensing Improvements

- ▶ Eliminates separate State Patrol vehicle inspection for cars from out of state. (Pending final passage of Transportation budget)

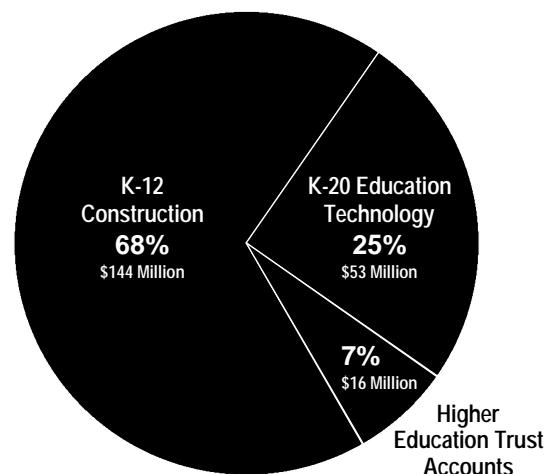
Savings Incentive and Education Incentive Programs

- ▶ The 1999-01 Budget puts \$72 million from the education savings account into the school construction fund and \$9.2 million for endowments.

Education Savings Account Resources

Based on Estimated Revenues Fiscal Years 1997-2001

TOTAL = \$213 Million



Providing Balanced and Adequate Compensation to Recruit and Retain Qualified Employees

GOVERNOR'S PRIORITIES

Provide annual cost-of-living adjustments

Maintain employee health benefits at current employee premium levels

Address recruitment and retention through special salary adjustments

TOTAL: *\$993 million, including \$848 million GF-S, \$145 million other funds.*

LEGISLATIVE ACTION

K-12 Teachers, Classified Employees

- ▶ Annual cost of living adjustments of 3 percent in each year of the biennium. **\$267 million GF-S**
- ▶ Beginning teacher salary increase of 7 percent, with additional smaller increases through the 5th year. **\$31 million GF-S**
- ▶ An additional 2 percent increase for the most experienced teachers. **\$40 million GF-S**
- ▶ An additional three learning improvement days added to the salary schedule. **\$75 million GF-S**
- ▶ Addresses rising health benefits costs for employees by increasing the monthly benefit amount from \$335.75 per month to \$423.57 per month in the 2000-01 school year. **\$123 million GF-S**
- ▶ Partial implementation of the state salary survey to fund salary increases for all classifications found to be greater than 25 percent behind their market rate sufficient to bring them within 25 percent of their market rate. **\$6 million GF-S, \$14 million other funds**
- ▶ Assistant Attorney General recruitment and retention salary increase pool. **\$3.5 million GF-S, \$3.5 million other funds**
- ▶ Four-year college faculty recruitment and retention pool funding. **\$10 million GF-S**
- ▶ Increases to part-time faculty in community colleges to address wage disparity. **\$10 million GF-S, \$10 million local match**
- ▶ Increased access to pension benefits for part-time community college faculty. **\$2 million GF-S**
- ▶ Health benefit inflation through maintaining employee's current proportional share of health benefit premiums. **\$74 million GF-S, \$44.5 million other funds**

State and Higher Education Employees

- ▶ Annual cost of living adjustments of 3 percent in each year of the biennium. **\$193.5 million GF-S, \$61 million other funds**
- ▶ Funds all 26 priorities listed in the Washington Personnel Resource Board's salary reclassification proposal. **\$13 million GF-S, \$26 million other funds**

Meeting Our Most Urgent Transportation Needs

GOVERNOR'S PRIORITIES

Begin solving pressing transportation problems throughout the state

Relieve urban congestion

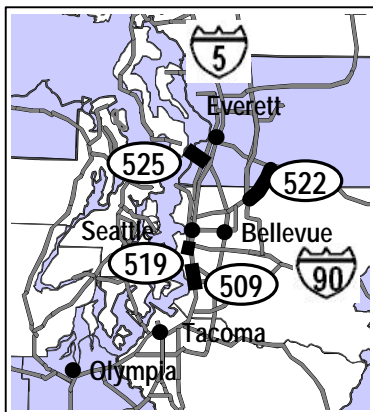
Improve rural highways and freight movement

Keep Washington's economy moving forward

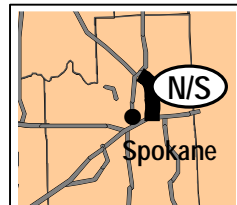
TOTAL: \$594.2 million (state), \$30.0 million (federal)

AWAITING SPECIAL SESSION

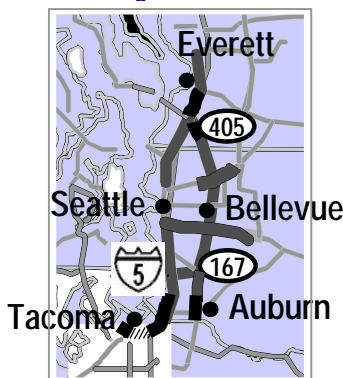
Western Washington
Selected Corridors



Eastern Washington
Selected Corridors



HOV Plan
Puget Sound



Complete Car Pool and Bus Lanes

- Plan completes critical linkages in the system from Everett to Tacoma to ensure reliable trip times for transit and car pool commuters. **\$186.0 million**

Urban Corridors to Relieve Congestion

- Addresses "choke points" on major highways; creates alternative routes where necessary. **\$115.8 million**

Expand Passenger Only Ferry Service

- Provide a passenger-only alternative for ferry commuters from Kingston and Southworth direct to Seattle. **\$102.0 million**

Passenger Rail Enhancements

- Rail track and other capital improvements to reduce travel times and increase service reliability for commuters and other rail travelers. **\$57.6 million**

Freight Mobility Investments

- Strategic, leveraged projects that benefit the unrestricted movement of freight and goods by road, rail, and water throughout the state. **\$116.0 million**

Rural Economic Development

- Helps rural communities attract and retain businesses by using federal TEA-21 funds to improve local transportation infrastructure. Grant program will be administered by the County Economic Revitalization Board. **\$30.0 million**

Environmental Protection

- Transportation projects that support salmon recovery efforts by eliminating barriers to fish passage and improving water quality. **\$16.8 million**

1999-01 Balance Sheet

Legislative Budget

General Fund-State

(Dollars in Millions)

Resources

Beginning Balance (Not Including Emergency Reserve Account)	530.5
March Revenue Forecast	20,272.7
Budget Driven Revenue and Tax/Revenue Package	(41.4)
Total Resources	20,761.8

Expenditures

Proposed Budget	20,574.7
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Initiative 601 Expenditure Limit

November 1998 Limit as Adjusted for Proposed Budget Changes	20,649.6
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Balances and Reserves

Unrestricted Balance	191.4
Initiative 601 Emergency Reserve Account (Plus Interest Earnings)	496.2
Total Reserves	687.6